



JOHN CHIANG
California State Controller

March 13, 2013

Jennifer Walters, Superintendent
Escondido Union School District
2310 Aldergrove Avenue
Escondido, CA 92029

Dear Ms. Walters:

The State Controller's Office reviewed the costs claimed by the Escondido Union School District for the legislatively mandated Standardized Testing and Reporting (STAR) Program (Chapter 828, Statutes of 1997) for the period of July 1, 2002, through June 30, 2004. Our review was limited to ensuring that the California Department of Education STAR Program apportionment was properly offset.

The district claimed \$228,559 for the mandated program. Our review found that \$177,408 is allowable and \$51,151 is unallowable. The costs are unallowable because the district did not report any offsetting reimbursements, as described in the attached Summary of Program Costs and Finding and Recommendation.

For the fiscal year (FY) 2002-03 claim, the State paid the district \$128,017 from funds appropriated under Chapter 724, Statutes of 2010. Our review found that \$110,147 is allowable. The State will apply \$17,870 against any balances of unpaid mandated-program claims due the district as of October 19, 2010.

For the FY 2003-04 claim, the State made no payment to the district. Our review found that \$67,261 is allowable. The State will pay that amount, contingent upon available appropriations.

We informed Carol Rouse, Fiscal Services Director, of the review results via email on March 4, 2013. Carol Walker, Administrative Analyst, called to request additional information and gain a better understanding of the adjustment. During the phone call, Ms. Walker stated that she understood the reason for the adjustment.

If you disagree with the review finding, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at the CSM's website at www.csm.ca.gov/docs/IRCForm.pdf.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/sk

Attachments

RE: S13-MCC-929

cc: Michael Taylor, Assistant Superintendent of Business Services
Escondido Union School District
Carol Rouse, Director of Fiscal Services
Escondido Union School District
Carol Walker, Administrative Analyst
Escondido Union School District
Randall E. Ward, Ed.D., County Superintendent of Schools
San Diego County Office of Education
Scott Hannan, Director, School Fiscal Services Division
California Department of Education
Carol Bingham, Director, Fiscal Policy Division
California Department of Education
Thomas Todd, Assistant Program Budget Manager
Education Systems Unit, Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

Attachment 1— Summary of Program Costs July 1, 2002, through June 30, 2004

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 56,680	\$ 56,680	\$ —
Test materials, supplies, and equipment	5,442	5,442	—
Pre-test and post-test coordination	23,859	23,859	—
Test administration	9,207	9,207	—
Reporting and recordkeeping	15,708	15,708	—
Total salaries and benefits	110,896	110,896	—
Materials and supplies:			
Test materials, supplies, and equipment	2,937	2,937	—
Reporting and recordkeeping	7,901	7,901	—
Total materials and supplies	10,838	10,838	—
Contract services:			
Test materials, supplies, and equipment	7,424	7,424	—
Reporting and recordkeeping	50	50	—
Total contract services	7,474	7,474	—
Total direct costs	129,208	129,208	—
Indirect costs	6,047	6,047	—
Total direct and indirect costs	135,255	135,255	—
Less offsetting reimbursements	—	(25,108)	(25,108)
Total program costs	\$ 135,255	110,147	\$ (25,108)
Less amount paid by the State ²		(128,017)	
Allowable costs claimed in excess of (less than) amount paid		\$ (17,870)	
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 13,763	\$ 13,763	\$ —
Test materials, supplies, and equipment	370	370	—
Pre-test and post-test coordination	18,147	18,147	—
Test administration	25,993	25,993	—
Reporting and recordkeeping	7,852	7,852	—
Total salaries and benefits	66,125	66,125	—
Materials and supplies:			
Test materials, supplies, and equipment	9,164	9,164	—
Total materials and supplies	9,164	9,164	—

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2003, through June 30, 2004 (continued)</u>			
Contract services:			
Reporting and recordkeeping	13,834	13,834	—
Total contract services	13,834	13,834	—
Total direct costs	89,123	89,123	—
Indirect costs	4,181	4,181	—
Total direct and indirect costs	93,304	93,304	—
Less offsetting reimbursements	—	(26,043)	(26,043)
Total program costs	<u>\$ 93,304</u>	67,261	<u>\$ (26,043)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 67,261</u>	
<u>Summary: July 1, 2002, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 70,443	\$ 70,443	\$ —
Test materials, supplies, and equipment	5,812	5,812	—
Pretest and post-test coordination	42,006	42,006	—
Test administration	35,200	35,200	—
Reporting and recordkeeping	23,560	23,560	—
Total salaries and benefits	177,021	177,021	—
Materials and supplies:			
Test materials, supplies, and equipment	12,101	12,101	—
Reporting and recordkeeping	7,901	7,901	—
Total materials and supplies	20,002	20,002	—
Contract services:			
Test materials, supplies, and equipment	7,424	7,424	—
Reporting and recordkeeping	13,884	13,884	—
Total contract services	21,308	21,308	—
Total direct costs	218,331	218,331	—
Indirect costs	10,228	10,228	—
Total direct and indirect costs	228,559	228,559	—
Less offsetting reimbursements	—	(51,151)	(51,151)
Total program costs	<u>\$ 228,559</u>	177,408	<u>\$ (51,151)</u>
Less amount paid by the State ²		(128,017)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 49,391</u>	

¹ See Attachment 2, Finding and Recommendation.

² Payment from funds appropriated under Chapter 724, Statutes of 2010 (Assembly Bill No. 1610).

Attachment 2— Finding and Recommendation July 1, 2002, through June 30, 2004

**FINDING—
Unreported offsetting
reimbursements**

The district did not report offsetting reimbursements, totaling \$51,151, because it did not report any of the Standardized Testing and Reporting (STAR) Program apportionments received from the California Department of Education (CDE) for the review period.

On August 24, 2000, the Commission on State Mandates (CSM) adopted the statement of decision for the STAR Program. The CSM determined that Chapter 828, Statutes of 1997, and the implementing regulations at Title 5, *California Code of Regulations*, sections 850 through 904, imposed upon school districts a state mandate reimbursable under Government Code section 17561, commencing October 10, 1997.

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. The CSM adopted the parameters and guidelines on January 24, 2002. In compliance with Government Code section 17558, the State Controller's Office issued claiming instructions to assist school districts in claiming mandated-program reimbursable costs.

On reconsideration by Statutes of 2004, Chapter 216, section 34; and Statutes of 2004, Chapter 895, section 19, the CSM found that effective July 1, 2004, many of the reimbursable activities were either federally mandated or no longer required, and thus were not reimbursable. Accordingly, the CSM deleted references to the non-reimbursable activities and renamed the program to the National Norm-Referenced Achievement Test Program effective July 1, 2004. This latter program has been suspended since September 30, 2008.

The parameters and guidelines for the STAR Program (section VII) state:

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to, services fees collected, federal funds and other state funds shall be identified and deducted from the claim.

Education Code section 60640, subdivision (h)(1), specifies that the State Superintendent of Public Instruction shall apportion funds to school districts to enable them to administer the tests within the STAR Program. For the review period, we determined that the district received \$78,118 from the CDE.

We determined the amount that should have been offset by multiplying the total CDE apportionment by the reimbursable mandate percentages, which are based on test results published on the CDE STAR website. The district administered the following STAR tests during the review period: California Standards Test (CST); California Achievement Test,

Sixth Edition Survey; Spanish Assessment of Basic Education, Second Edition; and the California Alternate Performance Assessment (CAPA). The CST and CAPA tests are not reimbursable because they were not pled in the test claim that created this mandate.

Based on the CDE's published test results, the reimbursable mandate percentages are as follows: 66.24% for FY 2002-03, and 64.76% for FY 2003-04.

The following table summarizes the unreported offsetting reimbursement calculation for the review period:

	Fiscal Year		Total
	2002-03	2003-04	
STAR Program Apportionments:			
CDE apportionment	\$ (37,904)	\$ (40,214)	\$ (78,118)
Mandate-related percentage	× 66.24%	× 64.76%	
Mandate-related apportionment	(25,108)	(26,043)	(51,151)
Less offset CDE apportionment	—	—	—
Review adjustment	<u>\$ (25,108)</u>	<u>\$ (26,043)</u>	<u>\$ (51,151)</u>

Recommendation

We recommend that the district ensure that all applicable reimbursements are offset against mandated-program costs.